GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:621
ANSWERED ON:25.11.2005
CD RATIO OF RRBS
Ramadass Prof. M

Will the Minister of FINANCE be pleased to state:

(a)whether the CD ratios of Regional Rural Banks are declining daring the last three years;

(b) if so, the trends in CD ratio`s of RRBs for the said period ;

(c) the measures taken to increase the CD ratio ;

(d) whether the Government is considering a proposal of allowing two tier system of CD ratio; and

(e) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S: PALANIMANICKAM)

(a) : No, Sir.

(b) : The Credit Deposit (CD) ratio of Regional Rural Banks (RJlBs) has been showing an increasing trend during the last three years. It was 44.23% in the year 2002-03, 46.34% in 2003-04 and 52.89% in the year 2004-05.

(c): Various measures have been taken to increase the CD Ratio of RRBs like Enhancement of Prioity Sector lending from 40% to 60% of outstanding advances for RRBs w.e.f year 2003-04 and doubling of Agricultral Credit. Besides this RBI has reiterated the earlier instructions to RRBs for improving the CD Ratio. An expert Group was constituted by Govt of India to look into the nature and magnitude of the problem of low credit across States .`Regions and to suggest necessary measures. As per the decision taken by the Government, RBI has issued circular number RPCD LBS.BC.No47/02.13.03/2005-06 dated 9th November, 2005 to all scheduled Commercial Banks including RRBs which is lkely to improve the CD Ratio in the RRBs.

(d): No such proposal is under consideration to change thu system of computing CD Ratio of RRBs.

(e): Does not arise.